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GOVT PUBNS

SCHEDULE A - 2

RENT SUPPLEMENT PROGRAM
NEW BRUNSWICK

This Program will be delivered and administered by New Brunswick Housing Corporation (NBHC).

1. OBJECTIVE

To assist households in need to obtain affordable, adequate and suitable rental housing by subsidizing rents in eligible rental dwellings.

2. PROGRAM DESCRIPTION

The Rent Supplement Program provides assistance to households in need by reducing the rent paid to a specified proportion of their income. The assistance is based on the difference between an agreed upon market rent and the rent charged according to a rent-to-income scale and based on the household's adjusted income, as defined in Appendix "1" to this Schedule. To make this assistance available, NBHC and a landlord or housing cooperative sign an agreement, designating a number of housing units to be subsidized. The assistance provided for each unit will be cost-shared 75/25 by Canada and New Brunswick and will be available for a maximum term of 35 years. NBHC, its agencies or housing cooperatives select households in need to be occupants of the unit.



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In accordance with Section 22, paragraph (1) of the Operating Agreement and for the purpose of this Schedule, NBHC shall be considered as the eligible contribution recipient under Section 56.1 of the Act.

Enabling Federal Legislation

National Housing Act:

- . Section 56.1

Enabling Provincial Legislation

New Brunswick Housing Act:

- . Section 10(2)(i)

3. ELIGIBILITY CRITERIA

3.1 Owners

Agreements can be made between NBHC and landlords or housing cooperatives. Landlords, housing cooperatives and non-profit corporations receiving other ongoing federal or provincial social housing assistance are not eligible unless they are in receipt of assistance provided under Sections 15, 15.1 or 34.18 of the Act, subject to the provisions set out in subsection 8.2, or funding under Section 34.1 for the Residential Rehabilitation Assistance Program for the Disabled.

3.2 Clients

Eligible clients are those households in core housing need, as defined in the Global Agreement, and those with special purpose housing need.

3.3 Projects

NBHC will ensure that all units selected comply with mutually acceptable minimum property standards.

3.4 Occupant Selection

NBHC or its agencies will ensure that all households selected to live in housing units assisted under this program will be households in need. Where Rent Supplement units are provided to housing cooperatives funded through the Federal Cooperative Housing Program, 50 percent of the occupants will be selected from public housing waiting lists and the remaining 50 percent by housing cooperatives.

4. ELIGIBLE PROJECT COSTS/ASSISTANCE

4.1 Unit Maintenance Costs

Eligible unit maintenance costs are costs incurred to repair abnormal damages caused by clients of the program or decoration expenses needed above those required of landlords or housing cooperatives as specified in subsections 7.4 and 7.5 of this Schedule.

4.2 Assistance/Eligible Costs

The assistance is based on the monies required to pay the difference between the rent paid by the Rent Supplement client and a market rent which would be reasonable, given the characteristics of the unit and market conditions, and which will have been agreed to by NBHC in its agreement with the owner of the unit.

5. PROJECT SELECTION/DELIVERY PROCESS

5.1 Targeting

With the exception of Rent Supplement units for the Federal Cooperative Housing Program, NBHC will ensure that all units in this program are allocated within the geographic areas specified in the Operating Agreement and to priority groups in accordance with the approved three-year plan attached as Schedule B of the Operating Agreement. Rent Supplement units for the Federal Cooperative Housing Program will be made available to cooperative projects committed by CMHC, as set out in the approved three-year plan.

Taking into account the planning process, NBHC will assist eligible clients within the priority groups with the intent to direct assistance in accordance with their share of core housing need relative to each other. Within the core housing need income limits, the number of units directed to households at the upper income levels will not exceed their proportionate share of need.

5.2 Project Selection

NBHC will ensure that units providing the best value for money are selected. Where possible, a public tendering process should be used in the selection of projects and units. In selecting units, NBHC will inspect the units

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to be designated for receipt of Rent Supplement assistance to ensure that they comply with housing standards acceptable to NBHC and CMHC.

NBHC may permit clients to select their own unit providing that the rent required for that unit does not exceed a level established by CMHC and NBHC, that the unit meets all program criteria, and that it is made clear to the client that the Rent Supplement assistance remains with the unit and does not follow the client, should that client decide to move to other premises.

In allocating its units, NBHC will also ensure that 30 percent of the units, up to a maximum of 24 units unless otherwise agreed to by CMHC and NBHC available through the Federal Cooperative Housing Program, are provided Rent Supplements, as set out in Schedule B of the Operating Agreement.

6. COMMITMENT/AGREEMENTS

6.1 Commitment

A commitment is a written undertaking to subsidize a specifically identified number of units and to incur budgetary expenditures related thereto.

A commitment is deemed to have occurred once an agreement is signed between NBHC and a landlord or housing cooperative, for a specified number of housing units which will be subsidized.

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Upon NBHC signing the initial agreement, Canada and New Brunswick commit to each other to provide assistance to that unit, subject to the reallocation provisions of 7.6, for a period of 35 years.

The reporting of the authorized budget take-up will be the number of units committed. "Unit" means a unit or bed where a unit is a self-contained dwelling in detached or multiple housing form to be occupied by one eligible household; and a "bed" is the bed to be occupied by each individual resident in a special purpose housing project or hostel.

Commitment documentation is to be communicated by NBHC to CMHC by way of a notice of commitment form provided in program guidelines.

6.2 Commitment Notification/Publicity

All news releases or announcements pertaining to an allocation or commitment to a project will be in accordance with the Operating Agreement and the Program Guidelines.

6.3 Agreement with Owners

NBHC will ensure that the terms and conditions of the agreement with landlords or eligible housing cooperatives will be as approved by CMHC and NBHC, and without limiting their scope, will contain references to: occupant selection; term of leases; security deposits; lease renewals; unit vacancies; unit maintenance; timing of payments to the owner; and renewal of the agreement.

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7. PROJECT/PORTFOLIO ADMINISTRATION

7.1 Income Verification

NBHC will ensure that the adjusted income of the household occupying the Rent Supplement unit is verified at least annually and will take steps to ensure the rent to be charged is adjusted accordingly and in a manner described in Appendix "1" of this Schedule.

7.2 Rent Review

Rents charged by landlords or housing cooperatives will be reviewed and agreed to yearly by NBHC. In situations where NBHC has agreed to rent adjustments based on escalation clauses, the conditions associated with making such adjustments will be reviewed.

7.3 Duration of Leases

NBHC will ensure that all leases between the landlord or housing cooperative and the tenant will be for a term of one year or more. Where NBHC agrees to leases of less than one year, it will be for exceptional reasons or for purposes of incurring subsequent lease renewals at a specific date common to all NBHC's rent supplement portfolio.

7.4 Maintenance of Units

NBHC will ensure that landlords or housing cooperatives participating in this program maintain the units in a

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state of good repair. This will be achieved by way of on-site inspections carried-out with a frequency agreed to by CMHC and NBHC.

7.5 Repair of Units/Redecoration

NBHC will agree to incur expenses to repair abnormal damages done by the occupants of Rent Supplement units. NBHC will also agree to incur expenses to redecorate the units if required prior to the cyclical maintenance of units by the landlord or housing cooperative, as described in subsection 7.4 of this Schedule.

7.6 Unit Reallocation

A Rent Supplement commitment is for a term of 35 years. Within this 35-year period, a unit designation may be transferred to another unit or project of comparable cost upon expiry of the agreement with the landlord or housing cooperative, or may be renewed for the same unit.

During the period of agreement with the landlord or housing cooperative, if a household becomes ineligible or vacates a unit, NBHC may, with the consent of the landlord or cooperative, revoke the unit designation and transfer it to another housing unit or project of comparable cost for the remaining term of the 35-year commitment.

A maximum of nine months may occur between the revocation of a unit designation or the expiration of the landlord or co-op agreement and its redesignation to another

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project or unit. After such nine months, the remaining portion of the 35-year commitment will be withdrawn. No subsidies will be paid between the revocation and redesignation dates.

Where a unit is transferred to another housing project it is understood that such unit will be chosen as part of the selection process as identified in subsection 5.2 of this Schedule. Following this unit transfer, NBHC will notify CMHC of the redesignation of the unit on a notice of commitment form specified in program guidelines. CMHC will be notified in the same manner of unit revocations.

8. ELIGIBLE PROGRAM COSTS

Eligible program costs will be shared by Canada and New Brunswick on a 75/25 basis. These costs consist of:

8.1 Budgetary Costs

Budgetary costs include:

- . the funds required to pay the difference between the agreed market rent and rents collected from the clients, based on adjusted incomes and the rent-to-income scale as specified in Appendix "1" of this Schedule. NBHC may utilize a rental scale of its own but operating losses eligible for assistance from Canada will be determined on the basis of whichever of NBHC's scale or the Federal Rent-to-Income scale

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produces the lowest operating losses. Any scale in use must be attached in Appendix "1" and must not result in occupant households remaining in core housing need;

- . the unit repair/redecoration costs as defined in subsection 7.5 of this Schedule;
- . all eligible annual costs of delivery and administration based on performance standards acceptable to CMHC, including fees incurred in delivery.
- . Any financing interest payable on budgetary receipts and disbursements will be calculated at an interest rate acceptable to CMHC and NBHC representative of the actual interest costs incurred by NBHC. Interest in such cases will be calculated on net expenditures to the date of reimbursement.

8.2 Exception

As indicated in subsection 3.1, rent supplement assistance may be made available to clients in non-profit and cooperative projects committed prior to 1979 under Sections 15, 15.1 and 34.18 NHA, provided that New Brunswick has matched the financial assistance provided by Canada through these sections of the Act and as specified in program guidelines.

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9. BUDGETING AND CLAIMS

The financial reporting requirements for budgeting and claims are outlined in Appendix "3" to this Schedule, and detailed in program guidelines.

10. INFORMATION REQUIREMENTS

NBHC will ensure that all information requirements outlined in Appendix "2" to this Schedule, and specified in program guidelines are provided to CMHC.

Commitment data will be provided no later than five (5) working days after a commitment is made. Updates to previously communicated commitment data will be transmitted on a similar basis.

Information pertaining to clients served by the program will be obtained once a year and no later than 31 March of the subsequent year. This will provide details on clients served in all units under administration, or receiving subsidies, as at 31 December of that year.

Annual project operating data will support the final audited statement of expenditure and this, along with client data, will be used as the basis for adjustments in federal payments of subsidy assistance, if necessary.

FEDERAL RENT-TO-INCOME SCALE

INCOME DEFINITION

For purposes of establishing the rent to be paid, NBHC will assess the annual "adjusted income" of the household in the following manner:

- . Assess the income, in whatever form received, of each member of the household; income includes for example:
 - salary, wages, commissions, rents, investment income, part-time earnings, tips, alimony maintenance payments and child support received from a separated or divorced spouse;
 - Unemployment Insurance Benefits, Social Assistance, Mother's Allowance, Welfare;
 - Old Age Security Pension, Guaranteed Income Supplement, CPP/QPP pension, private pensions or annuities;
 - the first \$5 800 income, in whatever form received, of children or dependents of the household.
- . Exclude from income the following, for each household member, if applicable:
 - family allowances, if they were included previously;
 - living-out or travelling allowances of any household member;
 - monies received from insurance settlements, inheritance, disability awards, sale of effects, capital gains;
 - the income, in whatever form received, of children or of dependents, if such children or dependents are in full-time school attendance;
 - work-related earnings of a single parent, working spouse or any other household member, excluding the household head, up to \$1 000 per year per qualifying household member;
 - for children or dependents not in full-time school attendance, the above-noted \$1 000 deduction can be applied against income in whatever form received.
- . Calculate the total income of all household members, after having considered all eligible income exclusions. The result of this is the "annual adjusted income" of the household.

For the purpose of this rent-to-income scale, a child is a person, related by blood or marriage to other members of the household, and of 25 years of age or less. A dependent is a member of the household who is considered a dependent of another member of this household per the requirements of Revenue Canada. A dependent of 25 years of age or less qualifies for the same income definitions and exclusions provided to children of the household.

If any member of the household is self-employed, the work-related earnings of this household member will be the annual net income, as defined by Revenue Canada, before any personal income tax deductions, plus any capital cost allowance used in the determination of the above net income.

In all cases, a verification/confirmation of the income of household members must be obtained; for example, a statement signed by the employer, or in the case of the self-employed, a copy of the most recent income tax return or other evidence satisfactory to NBHC.

For the purpose of calculating rent, boarders are considered as members of the household and their income shall be considered on the same basis as other household members in the determination of the rent. Room and board paid to the household head or spouse will not be considered as part of the household's income.

BASIC RENT

The basic rent will be determined on the basis of the household's annual "adjusted income", calculated on a monthly basis, and as applied against the following rent-to-income table.

RENT-TO-INCOME TABLE

MONTHLY INCOME AND RENT

Adjusted Income (\$)	Per Cent	Adjusted Income (\$)	Per Cent
192	16.7	349	23.8
201	17.4	358	24.0
210	18.1	367	24.3
220	18.6	376	24.5
229	19.2	386	24.6
238	19.7	395	24.8
247	20.2	404	25.0
256	20.7	416	25.0
266	21.1	428	25.0
275	21.5	440	25.0
284	21.8	452	25.0
293	22.2	464	25.0
303	22.4	476	25.0
312	22.8	488	25.0
321	23.1	500	25.0
330	23.3	508 and up	25.0
340	23.5		

If the household is in receipt of social assistance, whether or not social assistance is the principal source of income, the basic rent will be the greater of the shelter component of welfare or the rent as determined on the basis of the above table, in conjunction with the household's total adjusted income.

RENT ADJUSTMENTS

- The basic rent is that payment required on the part of the occupant(s) of the dwelling for fully serviced accommodation supplied with heat, water, hot water, stove and refrigerator.
- Where the client of the program must pay for any of the services identified as part of a fully serviced unit over and above their basic rent, such basic rent will be reduced by an amount which will take into account the client's additional expenses.
- Where services other than those identified as part of a fully serviced unit are provided, the basic rent will be increased to reflect the full economic costs of providing such services.
- There will be no rent maximum set unless specifically approved by CMHC.
- For a fully serviced unit, no rent will be set lower than \$32 per month.
- For an unserviced unit, no rent will be set lower than \$22 per month.

CLIENT INCOME FLUCTUATIONS

A client's rent will be set once a year and that rent will not be adjusted during the year for income increases. Rent reductions during the year will however be permitted in instances where a client household supplies documented evidence that its income has decreased to a level which would result in a rent reduction of \$10 per month or more.

INFORMATION REQUIREMENTS: SUMMARY

Commitment Data:

- . this data is submitted by way of Notice of Commitment forms;
- . the Notice of Commitment forms shall contain the following generic data elements:
 - project location, codes and address;
 - proprietor details, type, name and address;
 - date of agreement and subsidy commencement dates;
 - unit description;
 - agreed rent and its components;
 - details pertaining to unit transfers;
 - delivery agent type;
 - account identification information;
 - matching contributions (Sec. 15, 15.1, 34.18).

Client Data:

- . this data is provided once a year and pertains to clients receiving assistance in that year;
- . the data provided will pertain to:
 - type of owner (non-profit corporation, housing coop (with or without ILM), private landlord),
 - household composition,
 - household income and its source,
 - Native ancestry,
 - presence of special needs,
 - size and type of dwelling occupied,
 - rent paid,
 - previous dwelling conditions (only for households newly served during the year; may be obtained through sampling of client records).

Operating Data:

- . this data is provided once a year and contains the following generic data elements:
 - agreed market rents,
 - rents paid by clients,
 - repairs paid on clients' behalf,
 - subsidies paid,
 - arrears,
 - matching contributions (Sec. 15, 15.1, 34.18).

The financial reporting requirements for budgeting and claims can be grouped by the following categories:

- For the Rent Supplement Program, all budgeting, claims and reporting will be segregated into the following activities unless otherwise indicated:

A three-year financial plan is developed on an annual basis as part of the joint planning process. It identifies planned commitment levels, expenditure levels, and cash flow patterns over the planning period which includes the budget year and the following two years. Commitment activity is planned on a calendar basis whereas expenditure activity is planned on a 31 March fiscal year basis. Cash flow is presented on both a calendar and fiscal year basis for five years. Commitment, expenditure and cash flow estimates for the year preceding the budget year and the two years following the budget year are presented for planning, information and monitoring purposes only.

Three-year plans will be established by activity for the following areas:

1. Commitments - Units
2. Budgetary Expenditures
3. Cash Flow Forecast - Budgetary

- ## 1. Commitments - Units

Schedules of units committed and units placed under subsidy will be used to derive the forecasts of budgetary expenditures.

Data on characteristics of the proposed units (agreed market rents, average RGI rent and proposed subsidy commencement dates) will be required to support the calculations of budgetary expenditures.

- ## 2. Budgetary Expenditures

For Rent Supplement, budgetary expenditures will be displayed by type of expenditure (agreed market rent, RGI rent, repair/redecoration costs, delivery and administration costs, and financing interest) in accordance with program guidelines.

3. Cash Flow Forecast - Budgetary

A summary of the expected quarterly cash flow of budgetary expenditures will be provided to assist in cash management.

B. BUDGET ADMINISTRATION

The approved annual budget is contained in Schedule B of the Operating Agreement. Changes to an approved budget must be determined and communicated in accordance with the Operating Agreement and the guidelines.

C. COMMITMENTS

Commitments for assistance under the Rent Supplement program will be reported in units. Unit redesignation upon unit transfer is to be reported but will not be treated as a new commitment for budget purposes.

Commitments will be reported to CMHC by NBHC on a notice of commitment form, no later than five (5) working days after the commitment is made.

CMHC will acknowledge receipt of the notice of commitment.

D. CLAIMS

Claims for settlement between the parties will be submitted on a monthly basis within thirty days of the end of the month to which the transactions relate. Claims will contain sufficient information to permit:

- a) interim verification that the amounts being claimed or remitted are reasonable and within approved budgets;
- b) the recording of the necessary accounting entries relating to budgetary expenditures; and
- c) the monitoring of the status of the portfolio through continuity schedules of units committed and units under subsidy.

The entire financial activity of the program shall be reported by NBHC, together with each party's proportionate share of expenditures.

Budgetary expenditures related to prior year accruals will be reported.

Amounts claimed for budgetary expenditures may be based upon estimates of actual activity. Estimates must be adjusted to actual on a periodic basis in accordance with program guidelines.

The monthly claim for the Rent Supplement Program will include:

1. Continuity Schedule: Units Committed/Under Subsidy

This schedule is required to monitor the number of units that have been committed in the program, those that are receiving subsidies, and those that are committed but not yet receiving assistance ("outstanding commitments").

Information provided includes the number of units committed, cancelled, or placed under subsidy during the month, the number of units receiving subsidies during the month, the number of units revoked and redesignated, and the number of units withdrawn.

2. Expenditures

A report of actual expenditures made or an estimate of expenditures incurred during the month is required to monitor the financial impacts of the program and to inform CMHC of its share of the expenditures.

The expenditures will be displayed by program activity and the following expenditure categories: net subsidy (including repair/re-decoration costs), delivery and administration costs, and financing interest. Sufficient data will be provided to support the delivery and administration costs claimed. It is not necessary to provide detailed object of expenditure information in support of the amounts claimed monthly for delivery and administration costs.

The report will also disclose the respective share of the expenditures of each party and the amounts for which reimbursement is being requested by NBHC.

E. ANNUAL INFORMATION - AUDITED

The audited statement of budgetary expenditures will provide an independent verification of the proper use of funds in accordance with the Operating Agreement and program guidelines and will be used to determine the final amount payable to or recoverable from NBHC for the fiscal year ending 31 March.

The audited statement and its supporting schedules will contain information at a level similar to that provided on the monthly claims.

This statement and its supporting schedules will be accompanied by operating data at the project level as outlined in Appendix "2" (Information Requirements) of this Schedule and summarized by program activity. Project level operating data will be audited in accordance with program guidelines. Budgetary expenditures will be broken down by year of commitment in a supporting schedule. This schedule does not require audit and may be based upon reasonable estimates.

Audited information will be submitted no later than 30 September.

ANNUAL INFORMATION - UNAUDITED

Annual outstanding commitment information as at 31 December will be submitted for planning and monitoring purposes and to support information contained in CMHC's records.

Outstanding commitment information will be classified by year of commitment approval. This will include a detailed listing of projects committed and not yet receiving assistance.

This information is required to reconcile the detailed commitment files maintained by CMHC to those of NBHC.

Unaudited information must be submitted to CMHC no later than 31 January.

F. BUDGETARY EXPENDITURE ACCRUALS

Budgetary expenditures which have been incurred but not disbursed within the fiscal year ending 31 March and which, in accordance with program guidelines, should be charged to the budget for that year, will be reported by NBHC by 30 April. This information will be certified by a senior financial officer of NBHC. Estimates of the accruals can be submitted at this time but will have to be adjusted to actuals when the final audited statement of expenditures is submitted.



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